



## TEXAS DEPARTMENT OF FAMILY AND PROTECTIVE SERVICES

COMMISSIONER  
John J. Specia, Jr.

October 14, 2014

Ms. Kate McGrath, Director  
Governor's Office of Budget, Planning and Policy  
1100 San Jacinto, 4th Floor  
Austin, TX 78701

Ms. Ursula Parks, Director  
Legislative Budget Board  
1501 North Congress Avenue, 5th Floor  
Austin, TX 78701

Dear Ms. McGrath and Ms. Parks:

Enclosed is the agency's FY 2014 Monthly Financial Report as of August 2014. The following is a narrative summary of budget adjustments during the month, budget variances, significant changes from appropriated funding, capital budget issues, and other key budget issues at this time.

### BUDGET ADJUSTMENTS

The following adjustments were made to the appropriated budget in the month of August. In total, the operating budget was decreased by \$1,109,610.

- The following adjustments were made for changes in block grants or capped federal funds for a net increase of \$545,063 under Art. IX, Sec. 8.02, Federal Funds/Block Grants:
  - Strategy B.1.1 CPS Direct Delivery Staff was decreased by \$38,105 to reflect the transfer of Title IV-B, Part 2 Promoting Safe and Stable Families-Caseworker Visits program from Operating Budget to Fringe to match expense
  - Strategy B.1.2 CPS Program Support was increased by \$963,566 to reflect the re-budget of available prior grant year Child Abuse and Neglect State Grants (CAPTA) federal funds from FY 2013 to FY 2014
  - Strategy B.1.6 Adoption Purchased Services was increased by \$1,045,941 Adoption Incentive Payment Program (AIPP) federal funds to offset strategy shortfalls
  - Strategy B.1.8 PAL Purchased Services was decreased by \$436,614 to reflect a re-budget of available Chafee Foster Care Independence Program federal funds from FY 2014 into FY 2015
  - Strategy C.1.4 Child Abuse Prevention Programs was decreased \$871,156 to reflect a re-budget of available CBCAP federal funds from FY 2014 into FY 2015
  - Strategy C.1.6 At-Risk Prevention Program Support was decreased \$118,569 to reflect a re-budget of available CBCAP federal funds from FY 2014 into FY 2015

- In accordance with Art. I, Information Listing of Funds Appropriation to the Comptroller of Public Accounts for Social Security and BRP, Rider 2, the following strategies were decreased for employee benefit replacement pay in the amount of \$17,518 of Federal Entitlement Funds:
  - Strategy A.1.1 Statewide Intake Services was decreased by \$40
  - Strategy B.1.1 CPS Direct Delivery Staff was decreased by \$8,153
  - Strategy B.1.2 CPS Program Support was decreased by \$7,062
  - Strategy D.1.1 APS Direct Delivery Staff was decreased by \$700
  - Strategy D.1.2 APS Program Support was decreased by \$160
  - Strategy D.1.3 MH and ID Investigations was decreased by \$797
  - Strategy E.1.1 Child Care Regulation was increased by \$58
  - Strategy F.1.1 Central Administration was decreased by \$724
  - Strategy F.1.2 Other Support Services was increased by \$9
  - Strategy F.1.3 Regional Administration was increased by \$9
  - Strategy F.1.4 IT Program Support was increased by \$42
- The following adjustments were made in accordance with the "Omnibus" request letter dated June 13, 2014, approved by the Governor's Office (August 12, 2014) and the Legislative Budget Board (August 7, 2014):
  - \$9,470,966 of General Revenue was transferred into B.1.11 Foster Care Payments from the following strategies due to loss of entitlement:
    - ⇒ \$1,838,033 from Strategy C.1.1 STAR Program
    - ⇒ \$1,000,000 from Strategy C.1.2 CYD Program
    - ⇒ \$300,000 from Strategy C.1.3 Texas Families Program
    - ⇒ \$3,232,933 from Strategy C.1.5 Other At-Risk Prevention
    - ⇒ \$1,700,000 from Strategy D.1.1 APS Direct Delivery Staff
    - ⇒ \$400,000 from Strategy E.1.1 Child Care Regulation
    - ⇒ \$1,000,000 from Strategy F.1.4 IT Program Support
  - \$1,262,304 of General Revenue was transferred from Strategy B.1.13 Relative Caregiver Payments to Strategy B.1.12 Adoption Subsidies to offset a projected strategy shortfall
  - \$795,540 of General Revenue was transferred from Strategy B.1.4 Relative Day Care to the following strategies to cover forecasted shortfalls:
    - ⇒ \$128,498 to Strategy B.1.3 Foster Day Care
    - ⇒ \$667,042 to Strategy B.1.5 Protective Day Care
  - \$2,439,901 of General Revenue was transferred from C.1.5 Other At-Risk Prevention to Strategy B.1.5 Protective Day Care to cover forecasted shortfalls
  - \$2,313,94 of General Revenue was transferred from Strategy B.1.2 CPS Program Support to Strategy B.1.1 CPS Direct Delivery Staff to cover anticipated shortfalls due to staff-related increased costs
  - \$426,227 of General Revenue was transferred to B.1.9 Substance Abuse Purchased Services from the following strategies due to increased staffing costs:

- ⇒ \$125,588 from Strategy B.1.7 Post Adoption Purchased Services
- ⇒ \$300,639 from Strategy B.1.8 PAL Purchased Services
- \$2,930,041 of General Revenue was transferred from Strategy F.1.4 IT Program Support to the following strategies to cover shortfalls due to increased costs in staffing:
  - ⇒ \$461,476 to Strategy A.1.1 Statewide Intake Services
  - ⇒ \$835,859 to Strategy B.1.1 CPS Direct Delivery Staff
  - ⇒ \$1,208,661 to Strategy B.1.9 Substance Abuse Purchased
  - ⇒ \$154,612 to Strategy C.1.4 Child Abuse Prevention Grants
  - ⇒ \$63,905 to Strategy D.1.2 APS Program Support
  - ⇒ \$205,528 to Strategy D.1.3 MH and ID Investigations
- \$1,389,229 of General Revenue was transferred from Strategy F.1.4 IT Program Support to the following strategies to cover anticipated shortfalls in other Indirect Administration strategies:
  - ⇒ \$295,185 to Strategy F.1.1 Central Administration
  - ⇒ \$1,062,741 to Strategy F.1.2 Other Support Services
  - ⇒ \$31,303 to Strategy F.1.3 Regional Administration
- The following adjustments were made in accordance with Art IX, Sec 14.01, Appropriation Transfers (2014-15 GAA):
  - \$500,000 of General Revenue and \$454,059 of Other Capped Grants, for a total of \$954,059 was transferred to Strategy B.1.6 Adoption Purchased Services from the following strategies:
    - ⇒ \$454,059 of Other Capped Grants from Strategy B.1.7 Post-Adoption Purchased
    - ⇒ \$300,000 of General Revenue from Strategy C.1.6 At-Risk Prevention Program Support
    - ⇒ \$200,000 of General Revenue from Strategy F.1.4 IT Program Support
  - \$562,037 of General Revenue was transferred from Strategy B.1.10 Other CPS Purchased Services to Strategy B.1.9 Substance Abuse Purchased
  - \$15,002 of General Revenue was transferred from Strategy B.1.2 CPS Program Support to Strategy B.1.8 PAL Purchased Services
  - \$549,396 of General Revenue was transferred from Strategy F.1.1 Central Administration to Strategy F.1.4 IT Program Support
- Adjustments in anticipated federal entitlement funds were made in the following strategies for a net decrease of \$1,046,097 (Art. IX, Sec. 8.02, Federal Funds/Block Grants):
  - Strategy A.1.1 Statewide Intake Services was decreased \$2,977
  - Strategy B.1.1 CPS Direct Delivery Staff was decreased \$535,167
  - Strategy B.1.2 CPS Program Support was increased \$95,465
  - Strategy B.1.3 Foster Day Care was increased by \$132,755
  - Strategy B.1.10 Other CPS Purchased Services was decreased \$616
  - Strategy B.1.11 Foster Care Payments was increased \$296,933
  - Strategy B.1.12 Adoption Subsidy Payments was decreased \$77,554
  - Strategy D.1.1 APS Direct Delivery Staff was decreased \$10,145

- Strategy D.1.2 APS Program Support was decreased \$10,957
  - Strategy D.1.3 MH and ID Investigations was decreased \$34,611
  - Strategy E.1.1 Child Care Regulation was decreased \$7,417
  - Strategy F.1.1 Central Administration was decreased \$69,143
  - Strategy F.1.2 Other Support Services was decreased \$250
  - Strategy F.1.3 Regional Administration was decreased \$4,021
  - Strategy F.1.4 IT Program Support was increased \$94,031
  - Strategy F.1.5 Agency-Wide Automated Systems was decreased by \$912,423
- The following adjustment was made in accordance with Art. IX, Sec 6.22 (i), Amounts Contingent on Collection of EFF:
- Strategy B.1.11 Foster Care Payments was decreased \$591,058.

#### BUDGET VARIANCES

This report reflects a net agency surplus of \$12.2 million consisting of \$7.8 million General Revenue, \$3.5 million TANF federal funds, and \$0.9 million Other Federal Funds.

Strategy B.1.1 CPS Direct Delivery Staff has projected \$4.2 million surplus consisting of General Revenue. This surplus is available because funds held in reserve for furniture purchases for additional staff positions is not needed and an overall reduction in the agency costpool projection which results in a projected surplus for this strategy. *NOTE: The LBB/GOBPP letter dated September 18, 2014 requests a GR/TANF swap of \$.7 million between this strategy and Strategy B.1.13 Relative Caregiver Payments. If approved, the projected General Revenue surplus will be reduced to \$3.5 million.*

Strategy B.1.2 CPS Program Support has a projected surplus of \$0.5 million consisting of a \$0.5 million shortfall in General Revenue, a \$0.9 million surplus in Federal Capped Grants, and a \$0.1 million surplus in Other Funds. This strategy will be monitored closely and should the General Revenue shortfall materialize other agency surpluses are available to cover.

Strategy C.1.1 STAR Programs has projected \$1.0 million surplus in General Revenue based on expenditure trends. Surplus funds in this strategy are available to offset any unanticipated agency needs.

Strategy C.1.5 Other At-Risk Prevention Programs has a projected surplus of \$2.3 million of General Revenue. *NOTE: In its letter to the LBB and GOBPP dated September 15, 2014, DFPS has requested approval to transfer \$1.7 million from this strategy to Strategy B.1.11 Foster Care Payments (\$1.0 million) and B.1.13 Relative Caregiver Program (\$0.7 million) to offset projected General Revenue shortfalls. If approved, the projected General Revenue surplus will be reduced to \$0.6 million.*

Strategy C.1.6 At-Risk Prevention Program Support has a projected surplus of \$0.2 million of General Revenue created by vacancies.

Strategy D.1.1 APS Direct Delivery Staff has projected \$0.8 million General Revenue surplus due to projected lapse in APS emergency client services.

Strategy E.1.1 Child Care Regulation has projected surplus of \$1.0 million of General Revenue as a result of vacant FTEs. Surplus funds in this strategy are available to offset any unanticipated agency needs.

Strategy F.1.5 Agency-Wide Automated Systems has a projected surplus of \$6.4 million consisting of \$3.8 million of General Revenue and \$2.6 million of TANF. Although not reflected in this report, unobligated balances will be carried forward to FY 2015 once all FY 2014 payables have been reconciled.

The following General Revenue variances are projected based on the HHSC August 2014 caseload and expenditure forecast:

- Strategy B.1.3 TWC Foster Day Care has a projected shortfall of \$0.1 million.
- Strategy B.1.4 TWC Relative Day Care has a projected surplus of \$0.2 million.
- Strategy B.1.5 TWC Protective Day Care has a projected shortfall of \$0.2 million.
- Strategy B.1.11 Foster Care Payments has a projected shortfall of \$4.4 million.
- Strategy B.1.12 Adoption Subsidy/PCA Payments has a projected surplus of \$0.1 million.
- Strategy B.1.13 Relative Caregiver Payments has a projected shortfall of \$0.7 million.

**Operating Budget Adjustments Pending Approval by the LBB and GOBPP**

*Strategy B.1.11 - Foster Care Payments:* DFPS has requested approval for budgetary actions that would offset the projected \$4.4 million shortfall in Strategy B.1.11 Foster Care Payments in a letter dated September 15, 2014. DFPS requests approval to transfer General Revenue in the amount \$1.0 million from Strategy C.1.5 Other At-Risk Prevention. Approval is required because the cumulative total of appropriation transfers from this strategy exceeds the limit of 20 percent. Additionally, DFPS requests to utilize the flexibility afforded by Article II, DFPS Rider 12, appropriation Transfer Between Fiscal Years, to carryback FY 2015 appropriated General Revenue in the amount of \$2.1 million to FY 2014 to offset projected shortfalls. The remaining strategy shortfall of \$1.3 million can be covered by utilizing available prior year federal grant and child support collections.

*Strategy B.1.13 - Relative Caregiver Payments:* As stated previously in this report, DFPS has requested approval to transfer \$0.7 million General Revenue from Strategy C.1.5 Other At-Risk Prevention to B.1.13 Relative Caregiver Payments and a method of finance adjustment between this strategy and Strategy B.1.1 CPS Direct Delivery Services to offset the projected General Revenue shortfall.

**Possible Operating Budget Adjustments Not Currently Requested**

The current forecast for the three Day Care Services strategies indicates a minimal General Revenue shortfall of \$0.1 million. Should this shortfall be realized, additional request letters may be needed.

**SIGNIFICANT CHANGES FROM PREVIOUS REPORT**

Projected expenditures are being allocated on the most recent cost allocation results which indicate that the agency will be unable to claim entitlement funds at the levels assumed in the appropriation bill.

**OTHER KEY BUDGET ISSUES**

None not previously addressed.

**CAPITAL BUDGET ISSUES**

The Capital Projects schedule has been updated to reflect current year-to-date expenditures.

**STATUS OF PENDING TRANSFERS AND AUTHORITY REQUIRING PRIOR APPROVAL**

**Letter Topic**

**HHSC/DFPS**

**Approval/Response Received by  
October 1, 2014**

Kate McGrath and Ursula Parks

October 14, 2014

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<b>Appropriation Year 2014</b>	<b>Letter Date</b>	<b>LBB</b>	<b>Governor</b>
Request to Carryback funds from Fiscal Year 2015 to 2014 in Strategy B.1.11 Foster Care and Transfer Unexpended Prevention Funds to Strategy B.1.11	September 15, 2014	N	N
Request to use GR in lieu of TANF in Strategy B.1.13 Relative Caregiver Payments and Transfer Authority to Address Critical Needs in Fiscal Year 2014	September 18, 2014	N	N

Please contact Beth Cody, Budget Director, at 438-3351 if you have any questions or require additional information.

Sincerely,



Tracy Henderson  
Chief Financial Officer

cc: Garnet Coleman, State Representative  
Dianna Velasquez, Governor's Office  
Hasan Mack, Lieutenant Governor's Office  
Heather Fleming, Speaker's Office  
Stacey Gilliam, Senate Finance Committee  
Keith Yawn, House Appropriations Committee  
Kyler Arnold, House Appropriations Committee  
Melitta Berger, Legislative Budget Board  
Shaniqua Johnson, Legislative Budget Board